FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426

NEWS RELEASE

MIDAMERICAN AGREES TO UPGRADE TRANSMISSION SYSTEM TO RESOLVE FINDINGS OF COMMISSION STAFF COMPLIANCE AUDIT

Des Moines, Iowa-based MidAmerican Energy Co. will build $9.2 million in unplanned transmission system upgrades and accelerate another $14.7 million in planned transmission improvements to resolve findings of a Federal Energy Regulatory Commission staff compliance audit accepted today by the Commission.

Staff conducted an operational audit of MidAmerican's compliance with provisions of its open-access transmission tariff for interconnection and transmission services; Standards of Conduct; Open Access Same-Time Information Systems (OASIS); Codes of Conduct; and Order No. 2004 information posting requirements. The audit looked at the company's operations from January 1, 2002, through April 30, 2004.

The audit found three primary areas of noncompliance: (1) MidAmerican allowed its wholesale merchant function to use network transmission service to import power to make possible off-system sales; (2) MidAmerican provided transmission services to its wholesale merchant function that were not transparently available to unaffiliated companies; and (3) MidAmerican did not require its wholesale merchant function to comply with applicable tariff provisions regarding the designation of network resources.

In addition to the transmission improvements, MidAmerican agreed to implement a compliance plan to assure MidAmerican remains compliant on a prospective basis with its open access transmission tariff, standards of conduct and OASIS requirements. In a separate proceeding, MidAmerican has filed a proposal to establish an independent transmission service coordinator, or TSC, to oversee granting of transmission service requests, receiving and processing interconnection requests and calculating available transmission capacity (ER05-1235-000).

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